Decision **2004-013**

ATCO Gas South

Jumping Pound Meter Station
Gas Measurement Adjustment

February 17, 2004

Alberta Energy and Utilities Board

ALBERTA ENERGY AND UTILITIES BOARD
Decision 2004-013: ATCO Gas South
Jumping Pound Meter Station – Gas Measurement Adjustment
Application No. 1314487

Published by
Alberta Energy and Utilities Board
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JUMPING POUND METER STATION
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1 INTRODUCTION

The Alberta Energy and Utilities Board (the Board) received an application (the Application) from ATCO Gas South (AGS), a division of ATCO Gas and Pipelines Ltd. (AGPL), dated September 19, 2003, for approval to include in its Deferred Gas Account (DGA) costs aggregating $3.4 million relating to a gas measurement error that occurred at the ATCO Pipelines South (APS) Jumping Pound Meter Station (JP Meter Station). APS is also an operating division of AGPL. The Board published Notice of the Application in AGS's service areas on October 7, 2003.

AGS had previously filed an application (the Reconciliation Application), dated June 13, 2002, with the Board for approval to recover an under-recovery amount in its DGA and for approval of the reconciliation of the DGA to March 31, 2002.[1] In the Reconciliation Application AGS had also included $1.2 million of additional timing costs related to the JP Meter Station measurement error. The error in question was caused by an incorrect gas chromatograph configuration that resulted in a systemic under-measurement of the heat equivalent of the volumes of gas being measured and resulted in the adjustment quantities not being allocated to and thereby sold by APS's transmission customers that used the JP Meter Station. In the Reconciliation Application AGS included the following statement.

> Since the inception of the DGA in 1987, measurement adjustments that have impacted Transportation customers have been included in the imbalance component of the DGA. The Board has not been specifically asked before in a DGA reconciliation to approve the inclusion of an incremental component for any financial settlement with Transportation customers related to the difference in the value of the gas commodity between the time of the measurement correction period and the period in which the gas was given to or received back from the Transportation customer(s).
>
> The referenced measurement error occurred during the period April 2000 to October 2001. The appropriate measurement adjustments were made and the total adjusted quantity was returned to Transportation customers during February and March 2002.
>
> However, the fluctuation in the natural gas commodity price throughout this entire period was significant, with the result that the affected Transportation customers lost $1.2 million because they were unable to market the adjustment gas in the months the gas was actually received. The corollary is that the DGA must have received a benefit of an equal amount because of reduced purchases. The cost has been included on the basis that this type of settlement is out of the ordinary and case-by-case approval is appropriate.

[1] Refer to Decision 2002-066 – ATCO Gas South, A Division of ATCO Gas and Pipelines Ltd., Recovery of Deferred Gas Account Balances at March 31, 2004, dated July 23, 2002

By Notice dated June 28, 2002, the Board invited comments from interested parties on the Reconciliation Application. The Board received responses from the City of Calgary (Calgary), the Municipal Interveners (MI) and the Public Institutional Consumers of Alberta (PICA), which represented sales customers of AGS, and Shell Canada Limited (Shell), a transmission customer at the JP Meter Station.

Shell supported AGS. However, both MI and PICA objected to AGS's proposal to charge only its sales customers with the timing costs related to the JP Meter Station and instead considered that the shortfall should be allocated in the same manner as unaccounted for gas (UFG). Calgary also objected to the $1.2 million being allocated to sales customers and, in addition, considered that the related gas adjustment in kind of 602 terajoules (TJ) made by AGS for imbalances actually cost customers a further amount of $2.2 million. Calgary therefore considered that the DGA recoveries should be reduced by a total of $3.4 million. Calgary also suggested that pursuant to the terms of the Transportation Service Agreement (TS Agreement), dated January 1, 1999, between AGS and APS, APS should bear the impact of the full adjustments.

AGS responded to the interested parties' objections that it would agree that the inclusion of timing costs is one that should be evaluated on a case by case basis and therefore would agree to an interim reduction of $1.2 million without prejudice, subject to a review of this item in a subsequent proceeding. However, AGS disagreed that a reduction of $2.2 million for the measurement costs was appropriate.

As a consequence of the objections and as issues raised in Calgary's objection also included concerns about the methodology for pipeline balancing and the TS Agreement, the Board considered that the $3.4 million of aggregate costs related to the JP Meter Station measurement error should more appropriately be dealt with in a separate process, which ultimately resulted in the Application.

2 THE APPLICATION

AGS requested approval to include in its DGA, as gas supply costs for recovery in the Gas Cost Recovery Rate (GCRR), in the month following the Board's decision, the amounts of:

1. $2,211,736.89 for the purchase of 602,262 gigajoules of gas imbalances returned to transportation customers resulting from a measure correction at the JP Meter Station for the period April 2000 to October 2001 [the measurement error cost] and,

2. $1,216,557.42 which represents the value obtained by the DGA during the adjustment period, which should properly be paid to APS's transportation customers affected by the measurement adjustment [the timing cost].

The measurement error quantity adjustment was determined in accordance with procedures set out in APS's Transmission Transportation Service Regulations (TTS Regulations). The daily quantity of the error involved was then multiplied by the AECO/NIT Daily Index to arrive at the measurement error cost.

The timing cost was determined as the difference between the sum of the daily adjustment quantity times the Daily Index price during the period April 1, 2000 to October 17, 2001 and the sum of the daily imbalance quantity times the Daily Index price during the period February 1 - 25 and March 1 - 25, 2003. The recognition of timing costs related to the timing of measurement errors and the corresponding transportation imbalances, either to the benefit of or cost to the DGA, has not been incorporated in approved DGA practice.

The Board dealt with the Application by way of a written proceeding as none of the parties that registered as interveners[2] submitted any request for the Board to hold an oral hearing.

2.1 Measurement Error Cost

Views of the Interveners

AUMA/PICA

AUMA/PICA, in respect of the Reconciliation Application, did not oppose the inclusion of the measurement error cost in the DGA. They agreed that the measurement error adjustment for heat content was appropriately made in a technical sense. However, in reviewing the more detailed information and evidence provided for the Application, they ultimately reached the same conclusion as Calgary; that the DGA should not bear any financial responsibility for the correction of the measurement error. In opposing the inclusion of the measurement error cost AUMA/PICA noted the following:

1. The quantity adjustment error was within the 2% measurement tolerance specified in APS's TTS Regulations and an adjustment within this tolerance was not mandatory. Because an equipment error was involved, the error should have been corrected within the permissive language of the TTS Regulations.
2. In its evidence, AGS recognized that until deliveries from APS to AGS are measured, cross subsidization of balancing costs will exist. In demonstrating why the impact of the measurement error adjustment at the JP Meter Station should ultimately flow through to the DGA, AGS also indicated that, notwithstanding that the other non-AGS customers on APS are requested to trend their imbalance to zero on a daily basis, the DGA assumes more than its fair share of the system balancing responsibility on an everyday basis by being the default supplier of gas to meet all of the residual imbalance that remains.

Additionally, AUMA/PICA agreed with Calgary on the following:

1. The actual system balancing practice on the APS system is not identified in or consistent with the language in the TS Agreement.
2. The role of AGS as the sole unbalanced shipper raises cost allocation fairness issues.
3. By the continuing failure of AGS to respond to the Board Direction in Decisions 2000-16[3] and 2002-066 to provide more detailed information with respect to balancing issues, there is no basis on which to quantify the extra costs being borne by DGA customers.

[2] Registered parties included the Alberta Urban Municipalities (previously identified as MI) and PICA (together, AUMA/PICA), Calgary, the Consumers Coalition of Alberta, Coral Energy Canada Inc., Direct Energy Regulated Services, a business unit of Direct Energy Marketing Limited, the Alberta Federation of Alberta Gas Co-ops Ltd. and Gas Alberta Inc. (together, the FGA), ProMark Producers Marketing Ltd., Shell, and the Stoney Nakoda Nation.

4. Since there is no contractual involvement of AGS at the JP Meter Station, there is no basis for any charge to AGS.
5. There is no evidence of any advocacy role by AGS on behalf of sales customers whose interests it should represent, which in turn raises questions about the affiliate nature of the relationship with APS since AGS did not appear to expend the expected arms-length relationship effort on behalf of sales customers.

AUMA/PICA concluded that APS and AGS were substantively deficient in their management of the measurement error and, as such, should reasonably be assigned the cost responsibility for the adjustment.

AUMA/PICA submitted that should the Board not agree with their conclusion then the measurement error costs should be borne by the measured transportation customers (including those using the JP Meter Station) as an offset to the ongoing daily benefits they receive from the default balancing service accruing from the DGA.

Calgary

Calgary argued that there was no extra gas supply available to AGS as a result of the measurement error, as AGS purchased none of the gas volume where the heat content was under measured. Calgary submitted:

1. at the time the error was occurring, AGS would have continued to purchase gas as dictated by its daily load forecasts, which would not have been adjusted for the measurement error; thus the daily purchasing pattern would not have been influenced by the error,
2. as a result, AGS's gas purchasing practices, while the error was occurring, were not influenced by the measurement error,
3. AGS did not produce any documentation to indicate that it was requested by APS to adjust its purchasing practices to reduce purchases as a result of the error,
4. there is nothing in AGS's evidence that indicates that it observed a situation that required it to adjust its purchasing practice,
5. the possibility exists that the error would have had an impact on UFG, which would then presumably have had an impact on AGS purchasing, and that of other parties, in a subsequent period,
6. the concept presented by AGS that AGS borrowed any volumes from any source was both unsubstantiated and without merit because AGS's daily purchasing practices are driven by its internal daily load forecast irrespective of APS measurement errors,
7. AGS adjusts over/under purchasing through the sale of excess gas and the purchase of gas in the day market,
8. metering "errors" would also be one of the factors resulting in the necessity of dealing with UFG, and

[3] Decision 2000-16 – ATCO Gas and Pipelines Limited, 1998 GRA Phase II, dated June 13, 2000

9. the January 1, 2000 and January 1, 2001 UFG Rider changes would have reflected the measurement error.

Calgary noted that AGS has the responsibility to fully explain the workings of its system, and provide substantiation for the assertion that transportation imbalances have been, and continue to be, properly recorded to the DGA. Calgary argued that this proposition lacks proper substantiation. Calgary further noted that it had on previous occasions raised concerns about the methodology used by AGS for balancing and that AGS had not complied with previous directions of the Board in Decisions 2000-16 and 2002-066 concerning load balancing.

Calgary submitted that with an ATCO corporate restructuring and the introduction of the TS Agreement, which imposed daily balancing requirements on AGS, operational changes affecting AGS and APS occurred and should have affected how amounts were recorded in the DGA. Calgary asserted that AGS, effective January 1, 1999, became a shipper on APS's system in the same sense that the industrial and producer classes are shippers on the APS system, making AGS a subset of the total transportation quantity. Calgary argued that AGS confirmed that the measurement error impacted the total transportation imbalance quantity.

Calgary submitted that AGS is not the sole unbalanced shipper on the APS system. Calgary argued that any shipper trending to zero was previously out of balance and continues to be out of balance as it trends to zero and that AGS provided no evidence to demonstrate that industrial and producer shippers are in balance on a daily basis on the APS system. The language in the TS Agreement is sufficiently similar to the language in APS's TTS Regulations that the treatment of AGS as a shipper on APS should be no different than the treatment of other shippers under those Regulations.

Calgary disputed the need for correction of the measurement error. Calgary noted that under APS's TTS Regulations, a measurement error is to be adjusted when it exceeds 2% and that the measurement error involved equated to 0.8% over the adjustment period. Calgary submitted that there was no obligation on AGS to compensate APS's system shippers that used the JP Meter Station for the measurement error nor, under the FGA assumption of quid pro quo, would shippers have been obligated to compensate APS. That APS appears to have voluntarily done so should not result in the costs being passed on to AGS's sales customers who did not agree to any such course of action.

Calgary argued that whereas under the regulatory compact AGS has an obligation to its customers to assure that service is provided at the lowest cost commensurate with the level of service, AGS provided no evidence that it carried out any discussion with APS or that it intervened in the discussions between APS and the shippers to protect the interests of its customers under the language of the TTS Regulations. Calgary submitted that customers of AGS were entitled to expect that AGS will act prudently to protect their interests and not accede to APS's wishes. Calgary asserted that AGS could not provide any of the details that a prudent operator would ask before agreeing to pay $3.4 million to an affiliate.

Calgary further argued that the principle of fairness dictated that AGS's sales customers pay for amounts directly attributable to them through their actions or prudent actions taken on their behalf by AGS. Calgary maintained that from a fairness standpoint, AGS sales customers cannot be held solely responsible for the entire error as:

1. AGS confirmed that it purchased no gas at the JP Meter Station,
2. it could not demonstrate that any of the gas subject to the measurement error was ever delivered to the AGS system or consumed by AGS sales customers,
3. AGS has declined to do the studies directed by the Board which would likely help shed light on the issue, and
4. there has been no explanation as to how the error would have been reflected in UFG.

FGA

The FGA considered that compensation by AGS/APS to the two receipt customers "in-kind" for the imbalance gas that resulted in the measurement error cost was proper. The FGA noted that measurement errors are always a possibility with even the best equipment and operating procedures and that during the measurement error period, eleven such errors occurred on the APS system. The FGA also considered that AGS/APS took the appropriate actions in detecting the error and rectifying the situation at the JP Meter Station by returning gas "in-kind" and that the two receipt customers involved would have been equally obligated to compensate AGS/APS "in-kind" if the measurement error had been in favour of AGS/APS.

The FGA disagreed with AUMA/PICA with the relevance of the error amount being within the 2% outer limits permitted by APS's TTS Regulations. The FGA noted that the those Regulations permitted lesser amounts than the 2% to be corrected by mutual agreement and submitted that the size of the error that led to the transportation imbalance would motivate any prudent customer and pipeline to mutually agree to correct the error amount.

The FGA submitted that the measurement error cost should be assessed against AGS's DGA because at the time the error occurred and was corrected, the approved procedure in place for correcting transportation imbalances on the ATCO Pipelines system was via the DGA. Also, the FGA considered that AGS and APS were clear as to the problem involved and recommended an adjustment based on the known facts. The FGA agreed that the benefit of the measurement error was an under-billing to AGS's DGA and therefore disagreed with Calgary that "… the cost of the error should be prorated to all APS shippers based on volumes over the adjustment period." They submitted that the problem involved was not one within the APS system but was a point-specific measurement error with known impacts on the known parties affected.

Views of AGS

AGS described the relationship between sales and transportation customers in regard to the measurement error as follows:

> Transportation customers' supply and consumption are both metered and reported each day. Aggregate sales customer consumption is not known each day and accordingly, sales customers cannot be supply-demand balanced in the same manner as transportation customers. Sales customers are in fact the sole unbalanced shipper on the system and must, therefore, occupy the "residual" position. This is not a new or novel development. It is a long-standing, long accepted feature of the prudent operation of the system.
>
> Because of the measurement error, 602 TJ of gas production was not properly recorded to the account of two transportation customers. Those two customers did not sell 602 TJ of

> gas production because they did not know at the time they had it to sell. Therefore, the gas production remained on the pipeline system. But the gas was not physically lost; it was simply not reported. Therefore, it must have been consumed by the only class of customers whose consumption is not known each day - sales customers. At the time this "extra supply" would have served to reduce supply which otherwise would have been purchased for sales customers.
>
> When the measurement was subsequently corrected and the gas returned to the two affected transportation customers, the above process was reversed. The two transportation customers subsequently sold the 602 TJ. This withdrawal of supply would have been offset by an increase in the pipeline supply necessary to balance the load and sales customers bought a corresponding quantity to balance the pipeline system.
>
> In effect, the measurement error allowed sales customers to "borrow" gas over the period April 2000 to October 2001, then "repay" it over the period February and March 2002. Notwithstanding that [the Application] is driven by a measurement error adjustment, the approved mechanism to record "borrowing" and "repayment" between sales and transportation customers is the "Imbalances" line item in the DGA. This is a long-standing process that continues in the DGA to this day.

AGS noted that both Calgary and AUMA/PICA opposed the inclusion of $2.2 million of measurement error cost in the DGA. AGS submitted that Calgary's position appeared to be based on its incorrect conclusion that the DGA is not and should not be the sole unbalanced shipper and that AGS sales customers did not consume any of the gas measured in error. AGS further submitted that Calgary in arriving at its conclusion lacked an understanding of how the AGS/APS pipeline system works. AGS found significance in that "no other intervener opposed the adjustment of the measurement or took exception to the inclusion of transportation imbalances in the DGA." Consequently, AGS argued that Calgary's opposition to the inclusion of the measurement error cost was unfounded and provided clarification of issues raised by Calgary regarding the operation of the pipeline system. AGS also noted that AUMA/PICA appeared to accept AGS's explanation of the actual physical operations of the pipeline system but disputed that sales customers should be required to pay for the gas they consumed as a result of the measurement error.

AGS submitted that the practices related to the measurement error adjustment have been approved by the Board and have been evidenced in the seasonal and monthly gas cost recovery rate applications approved by the Board. AGS further submitted that sales customers are the sole unbalanced shipper on the system, and as such, the effect of transportation customers packing or drafting (causing imbalances) is appropriate to be recorded within the DGA because aggregate transportation customer pack or draft represents a portion of system operations which is known and for which balancing provisions apply. AGS noted that sales customers are not transportation customers. Transmission transportation customer supply and consumption is metered and reported each day whereas sales customer supply and demand cannot be determined with precision daily. As a result, sales customers, through the DGA, have been and continue to be the sole unbalanced shippers and must accept the residual of daily system operations, including gas remaining on the system that was not recorded due to a metering error. Also, AGS stated that a corporate restructuring that occurred on January 1, 1999 did not result in the distribution system being operated in isolation from the transmission operation.

AGS refuted the assertion by AUMA/PICA and Calgary that an adjustment for the measurement error was not mandatory because of the 2% tolerance level specified in APS's TTS Regulations. AGS stated that its sales customers are not transportation customers and therefore the provision in those Regulations was not relevant to the Application. AGS reiterated that its sales customers consumed the gas that resulted from the error and should at least pay for it.

Views of the Board

The Board notes that the cost of imbalances has been included in AGS's DGA in the past as a result of procedures previously approved by the Board. The Board also notes that, with the exception of Calgary, interveners have acknowledged that imbalances can be included in AGS's DGA under the proviso that AGS's sales customers are considered to be the unbalanced shipper on the integrated system. AUMA/PICA's opposition to the measurement error costs appeared mainly to be on the basis that a contractual obligation on the part of AGS at the JP Meter Station did not exist and that the error did not have to be adjusted because the amounts involved were less than the 2% tolerance level specified in APS's TTS Regulations. The Board notes that once the error at the JP Meter Station was discovered APS and the customers concerned agreed to the measurement error quantity, as it was within the ambit of APS's TTS Regulations to do so, notwithstanding that the amount involved was less than the 2% tolerance level otherwise set out.

The Board notes that Calgary has raised reasonable concerns about procedures, and the resulting effect on sales customers, used by AGS in load balancing. However, in this instance, the Board considers that the adjustment for the measurement error was made in accordance with the currently approved DGA procedures under which AGS's sales customers are treated as the unbalanced shippers who occupy the residual position in respect of the integrated pipeline system. Therefore, the Board will allow the measurement error cost, determined by AGS to be $2,211,736.89, to be included as an adjustment to the cost of gas in its DGA. The Board also notes that ATCO Gas brought forth a proposal for load balancing in its application that led to Decision 2003-102,[4] dated December 22, 2003. The matter will be reviewed in Phase 2 of that application.

2.2 Timing Cost

Views of the Interveners

AUMA/PICA

With respect to the Reconciliation Application, AUMA/PICA took the position that the timing cost adjustment should be prorated to all customers on the same basis as UFG. However, they reconsidered their position based on the further information provided for the Application and submitted that it is not appropriate to charge the DGA with the adjustment for the timing cost. AUMA/PICA noted the unanimity of submissions made by interveners opposing this charge to the DGA, which reflects that there is a material difference in the nature of the evidentiary justification of the timing cost as compared to the measurement error adjustment.

[4] Decision 2003-102 – ATCO Gas North and South Retailer Service and Gas Utilities Act Compliance, Phase 1, dated December 22, 2003

In opposing the charge for the inclusion of the timing cost in the DGA, AUMA/PICA submitted the following:

1. there is no language in APS's TTS Regulations which would support financial compensation for the timing impacts of a measurement error and its later adjustment,
2. any interpretation of AGS's responsibility should always be limited to factors over which AGS can exercise control, whereas the pricing of gas at any point in time is not a matter that AGS can control and therefore should not try to correct,
3. as a practical matter, deciding when a cost adjustment for timing is significant enough to require correction is difficult and judgmental and any precedent set by allowing the requested timing costs would be dangerous in that it would create ongoing demands for correction in future measurement error adjustment situations,
4. there is no evidence on the record to quantify the benefit to transportation customers from DGA gas providing residual balancing service, and
5. the largest system imbalances and the greatest gas price volatility occur at times of rapid temperature change which occur with regularity in AGS's service area, which raises the possibility that there could be significant timing cost impacts occurring on a daily basis between transportation customers and the DGA that are currently unrecognized and uncorrected.

AUMA/PICA supported the position of the FGA that consideration of timing cost adjustments should only occur if and when ATCO Gas and/or ATCO Pipelines have made appropriate application for the necessary revisions in procedure that could then be applied on a system-wide basis to all impacted customers in all circumstances. However, AUMA/PICA submitted that timing cost adjustments, on the basis of their current understanding, should not be made in general and certainly should not be approved on a "one off" basis as contemplated by the Application.

Calgary

As noted with respect to the measurement error cost, Calgary submitted that AGS's sales customers had no obligation to pay for any adjustment resulting from the measurement error at the JP Meter Station.

FGA

The FGA opposed compensating the two JP Meter Station customers for the timing cost. They stated that AGS's proposal to retroactively reimburse the customers for timing costs outside of the approved Terms and Conditions of Service would result in preferential treatment for those customers.

The FGA noted that the approved TTS Regulations and the Transmission Transportation Business Policy and Practices of APS do not mention timing costs as part of APS's obligations for correcting imbalances or measurement errors. The FGA acknowledged that procedures are in place to settle imbalances "in-kind" but stated that no procedure currently exists for a financial settlement of timing costs. They further noted that the 2003/2004 General Rate Application (GRA), Phase 2, filed by ATCO Pipelines does not add timing costs as part of an adjustment process. The FGA submitted that, unless so stipulated in the terms and conditions service for APS, timing costs are not a necessary or allowable adjustment.

The FGA submitted that adding timing adjustments in addition to replacement of gas “in-kind” is an unnecessarily complicated way of settling imbalances and measurement errors. They stated that gas markets are likely to be volatile for the foreseeable future, characterized by large price movements over a single day and, consequently, even with daily balancing of customer accounts, there will be a high probability that the existence of significant timing costs will continue.

The FGA considered that there may be merit to settling imbalances and measurement errors on a cash basis alone rather than “in-kind” but noted that this procedure is not one that is currently approved. The FGA submitted that if APS considers there is merit in a purely financial settlement procedure, then it should amend its current Phase 2 GRA to include such a procedure in order that customers would be able to make an evaluation.

Views of AGS

AGS submitted that the timing of the “borrowing” and “repayment” of volumes related to the measurement adjustment covered a period of unprecedented gas price volatility and gave rise to a benefit to sales customers. AGS agreed that recognition of timing costs related to the measurement error have not previously been recorded in the DGA. However, AGS submitted that APS’s TTS Regulations specifically allow either APS or a customer to apply to the Board for modification of the terms and conditions provided such modification does not result in a customer receiving service under terms which are unjustly discriminatory or unduly preferential. AGS submitted that modification of the terms and conditions in this instance to allow for the inclusion of timing costs will not result in unjust discrimination of sales customers or unduly preferential treatment of transportation customers.

AGS submitted that failing to recover timing costs from the DGA permits sales customers to retain a benefit received in error, which offends the principle of fair and equal treatment. AGS noted that APS brought forward Customer Account Balancing to change the default balancing obligation of the DGA in its 2003/2004 GRA, which would help mitigate the need for future adjustments.

Views of the Board

The Board notes in particular that timing costs resulting from imbalance adjustments have not previously been included in the DGA, nor is it a procedure that the Board has previously approved for the DGA. As well, the Board notes that in the submissions of interveners there was unanimity in their opposition to the timing costs. The Board also notes that gas prices have been in the past, and most likely will continue to be, somewhat volatile on a daily basis, with the consequence that timing cost differences will continue to exist. The Board also considers that this proceeding is not the appropriate venue to introduce new DGA procedures. Therefore, the Board will not allow the timing cost adjustment, determined by AGS to be $1,216,557.42, to be included in AGS’s DGA.

3 ORDER

IT IS HEREBY ORDERED THAT:

> The amount of $2,211,736.89, for the purchase of 602,262 gigajoules of gas returned to transportation customers of ATCO Pipelines South resulting from a measurement correction at the Jumping Pound Meter Station for the period April 2000 to October 2001, shall be added to the Deferred Gas Account of ATCO Gas South, effective with the filing of the March 2004 Gas Cost Recovery Rate.

Dated in Calgary, Alberta on February 17, 2004.

ALBERTA ENERGY AND UTILITIES BOARD

(original signed by)

B. T. McManus, Q.C.
Presiding Member

(original signed by)

M. J. Bruni, Q.C.
Acting Member

(original signed by)

C. Dahl Rees
Acting Member